



# NEWSLETTER <sup>Weekly</sup>

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## MINISTRY OF CORPORATE AFFAIRS

### **1. IICA and MCA hold inter-ministerial workshop on 'Responsible Business Conduct in India' in partnership with the United Nations Development Programme (UNDP) in New Delhi.**

An inter-ministerial workshop on '[Responsible Business Conduct](#) in India' was organised by the [School of Business Environment](#), Indian Institute of Corporate Affairs (IICA) along with the Ministry of Corporate Affairs (MCA), in partnership with the United Nations Development Programme ([UNDP](#)) in New Delhi on Monday. The objective of the workshop was to map the policies of different ministries aligned with responsible business, to share the progress made against the policies and schemes related to responsible business, to deliberate the need for collaborative action, and to seek inputs for documenting initiatives pertaining to responsible business leading towards Viksit Bharat.

For you can access the GOI release over here-

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2021278>

### **2. MCA fines LinkedIn India, Nadella, 8 others for Companies law violations.**

The Ministry of Corporate Affairs (MCA) has penalised LinkedIn, Satya Nadella, Ryan Roslansky and others for violating norms of Significant Beneficial Owner ( SBO ). The Registrar of Companies (ROC) of Delhi & Haryana has imposed a fine of Rs. 27,10,800. The company, 'LinkedIn India filed an e-form MGT-6 on 29.01.2024, reporting LinkedIn Technology Unlimited Company as the registered holder and LinkedIn Ireland Unlimited Company as the beneficial owner of one share. The beneficial interest was shown as created on 11.01.2024. However, the financial statements indicated the beneficial interest arose much earlier. Additionally, the company failed to declare its significant beneficial owner as required by Section 90 of the Companies Act, 2013. Consequently, a Show Cause Notice for Adjudication was issued on 15.02.2024 to assess compliance with Sections 89 and 90. Regarding analysis of non-compliance with Section 89 of the Companies Act, the company indicated that LinkedIn Ireland Unlimited Company has always been the beneficial owner of the one share held by LinkedIn Technology Unlimited Company as the registered owner. Therefore, the duty to make declarations arose after the company's incorporation in 2009. These filings should have been made in Form 22B under Section 187C of the Companies Act, 1956, when the beneficial interest actually arose. The company admitted that the date of creation of the beneficial interest was erroneously declared as 11.01.2024 in Forms MGT-4 and MGT-5. Withdrawal of the e-form is not an option since its filing is legally required. However, the declarations do not comply with the timelines of Section 89(1) and (2), and the date of creation of beneficial interest is incorrect, a fact acknowledged by the company during proceedings. Section 89(5) stipulates penalties for non-compliance with the declaration

requirements of Section 89(1) and (2). By incorrectly disclosing the date of acquiring the beneficial interest, the provisions have not been met. The default period is considered from the decriminalization date of 21.12.2020 to the issuance of the Show Cause Notice on 15.02.2024. The ROC noted that both the registered owner, LinkedIn Technology Unlimited Company, and the beneficial owner, LinkedIn Ireland Unlimited Company, failed to submit declarations as required under Section 89(1) and (2). Consequently, they are liable for penalties under Section 89(5) of the Act. The default period is from the decriminalisation date of 21.12.2020 to the issuance of the SCN on 15.02.2024. Additionally, Mr. Satya Nadella and Mr. Ryan Roslansky, as Significant Beneficial Owners (SBOs) of the subject company, are liable for penalties under Section 90(10) for failing to report as required by Section 90(1). Mr. Roslansky was appointed global CEO of LinkedIn Corporation on 1st June 2020 and began reporting to Mr. Nadella. The period of liability is from 01.07.2020 (30 days after Mr. Roslansky's appointment) to 15.02.2024, the issuance date of the SCN under Section 90. The ROC decided that the company and its officers are also liable under Section 90(11) for failing to identify the SBO as required by Section 90(4A) and for not sending the mandatory notice as per Rule 2A (2) of the Companies (Significant Beneficial Owners) Rules, 2018, leading to a contravention of Section 90(5) and associated penalties under Section 450. All officers, including non-executive directors, are presumed to have clear knowledge of the company's holding structure and are liable for this violation from 01.07.2020 to 15.02.2024, the SCN issuance date. "It is clear that control, or the right to exercise such control or significant influence indirectly, also amounts to the exercise of control and significant influence," the RoC concluded. The ROC made a detailed analysis of the SBO channel. The ROC added that the penalty amount must be paid online via [www.mca.gov.in](http://www.mca.gov.in) to the "Pay & Accounts Officer, Ministry of Corporate Affairs, New Delhi," within 90 days of receiving this order. Proof of payment should be sent to this office. Additionally, under Section 454(3)(b) of the Act, the company and its officers must file e-form MGT-6 and BEN-2 within 60 days of this order, following the due process.

### **RESERVE BANK OF INDIA**

#### **1. Issuance of partly paid units to persons resident outside India by investment vehicles under Foreign Exchange Management (Non-debt Instruments) Rules, 2019**

The Reserve Bank of India (RBI) vide notification dated May 21<sup>st</sup> 2024 regularised the issuances of partly paid units by Alternative Investment Funds to persons resident outside India prior to the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2024 vide S.O. 1361(E), dated March 14, 2024 through compounding under Foreign Exchange Management Act, 1999. However, before approaching the Reserve Bank for compounding, AD Category-I banks may ensure that the necessary administrative action, including the reporting of such issuances by Alternative Investment Funds to the Reserve Bank, through Foreign Investment Reporting and Management System (FIRMS) Portal and issuing of conditional acknowledgements for such reporting, is completed.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12686&Mode=0>

#### **2. Internal Review – Interim Recommendations – Withdrawal of Circulars**

The Reserve Bank of India (RBI) vide notification dated May 21<sup>st</sup> 2024 informed regarding the internal review of regulations carried out to remove obsolete/ outdated/ superfluous

instructions, and to rationalize and simplify existing instructions.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12687&Mode=0>

### **3. Exclusion of "Fincare Small Finance Bank Limited" from the Second Schedule to the Reserve Bank of India Act, 1934 and cessation as a banking company**

The Reserve Bank of India (RBI) vide notification dated May 24<sup>th</sup> 2024 informed that "Fincare Small Finance Bank Limited" has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 with effect from April 01, 2024, as the bank has ceased to carry on banking business with effect from April 01, 2024 vide Notification DOR.HOL.No.S173/16-02-003/2024-25 dated April 08, 2024, which is published in the Gazette of India (Part III - Section 4) dated May 14, 2024.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12688&Mode=0>

### **4. RBI Bulletin – May 2024**

The Reserve Bank of India (RBI) vide press release dated May 21<sup>st</sup> 2024 released the May 2024 issue of its monthly Bulletin. The Bulletin includes three speeches, four articles, and current statistics. The four articles are: I. State of the Economy; II. Decentralised Finance: Implications for Financial System; III. Currency Swaps of the Reserve Bank of India: Role in the GFSN and Fostering International Financial Cooperation; IV. Consumer Confidence in India: A Regional Perspective.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57938](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57938)

### **5. 608th Meeting of Central Board of the Reserve Bank of India**

The Reserve Bank of India (RBI) vide press release dated May 22<sup>nd</sup> 2024 informed regarding the 608th meeting of the Central Board of Directors of Reserve Bank of India which was held on 22.05.2024 at Mumbai under the Chairmanship of Shri Shaktikanta Das, Governor. The Board reviewed the global and domestic economic scenario, including risks to the outlook. The Board also discussed the working of the Reserve Bank during the year April 2023 – March 2024 and approved the Reserve Bank's Annual Report and Financial Statements for the year 2023-24.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57951](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57951)

## **SECURITIES AND EXCHANGE BOARD OF INDIA**

### **1. Master Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper**

The Securities and Exchange Board of India (SEBI) vide master circular dated May 22<sup>nd</sup> 2024, in its ongoing commitment to regulatory transparency and investor protection, issues

directives and guidelines to ensure compliance among issuers of non-convertible securities, securitized debt instruments, and commercial paper. The Master Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper serves as a consolidated repository of these directives, providing clarity and coherence to stakeholders in the securities market.

For more information, you can access the SEBI master circular here:

<https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-listing-obligations-and-disclosure-requirements-for-non-convertible-securities-securitized-debt-instruments-and-or-commercial-paper-83481.html>

## **2. Master Circular for Research Analysts**

The Securities and Exchange Board of India (SEBI) vide master circular dated May 21<sup>st</sup> 2024, consolidates various directives and circulars issued over time. It serves as a comprehensive guide, providing clarity on regulatory requirements, compliance standards, and operational protocols for RAs. The latest iteration, dated May 21, 2024, supersedes previous versions, incorporating new guidelines and rescinding outdated ones.

For more information, you can access the SEBI master circular here:

<https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-research-analysts-83487.html>

## **3. Master Circular for Investment Advisers**

The Securities and Exchange Board of India (SEBI) vide master circular dated May 21<sup>st</sup> 2024 issued a culmination of various circulars and advisory guidelines issued over time. The previous master circular, dated June 15, 2023, compiled relevant directives operational as of that date. However, recognizing the need for ongoing updates and revisions, SEBI has incorporated provisions from subsequent circulars and advisories issued until May 15, 2024, into the current master circular. This ensures that IAs have access to the latest regulatory framework in one consolidated document.

For more information, you can access the SEBI master circular here:

<https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-investment-advisers-83488.html>

## **4. Master Circular for Stock Brokers**

The Securities and Exchange Board of India (SEBI) vide master circular dated May 22<sup>nd</sup> 2024 provides an overview of SEBI's directions to stock brokers. It updates the previous Master Circular issued on May 17, 2023, incorporating all relevant circulars issued up to March 31, 2024. The rescission of earlier circulars doesn't affect past actions or liabilities. The circular is issued under Section 11(1) of the Securities and Exchange Board of India Act, 1992

For more information, you can access the SEBI master circular here:

<https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-stock-brokers-83521.html>

## **5. Framework for considering unaffected price for transactions upon confirmation of market rumour**

The Securities and Exchange Board of India (SEBI) vide circular dated May 22<sup>nd</sup> 2024 outlined the framework for calculating the unaffected price in transactions influenced by market rumours. This directive comes into effect from June 1, 2024, for the top 100 listed entities and from December 1, 2024, for the next top 150 listed entities. This framework is crucial for maintaining market integrity and ensuring transparent price discovery.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/may-2024/framework-for-considering-unaffected-price-for-transactions-upon-confirmation-of-market-rumour-83483.html>

## **6. Industry Standards on verification of market rumours**

The Securities and Exchange Board of India (SEBI) vide circular dated May 21<sup>st</sup> 2024 mandates top listed entities to adopt industry standards for verifying market rumours, in accordance with Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations). This initiative, involving prominent industry associations and stock exchanges, seeks to establish a structured approach to managing market rumours. It is aimed at enhancing transparency and investor trust within the Indian stock market and the same is effective from June 1, 2024.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/may-2024/industry-standards-on-verification-of-market-rumours-83485.html>

## **7. Audiovisual (AV) presentation of disclosures made in Public Issue Offer Documents**

The Securities and Exchange Board of India (SEBI) vide circular dated May 25<sup>th</sup> 2024 directed the recognized stock exchanges, registered merchant bankers, and the Association of Investment Bankers of India (AIBI). The circular addresses the requirement for audiovisual (AV) presentations of disclosures made in public issue offer documents to enhance investor awareness and discourage reliance on unauthorized information.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/may-2024/audiovisual-av-presentation-of-disclosures-made-in-public-issue-offer-documents-83569.html>

## **8. Modification in Staggered Delivery Period in Commodity Futures Contracts**

The Securities and Exchange Board of India (SEBI) vide circular dated May 25<sup>th</sup> 2024 addressing modifications in the staggered delivery period for commodity futures contracts.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/may-2024/modification-in-staggered-delivery-period-in-commodity-futures-contracts-83570.html>

## 9. Norms for sharing of real time price data to third parties

The Securities and Exchange Board of India (SEBI) vide circular dated May 24<sup>th</sup> 2024 outlined the stringent norms for sharing real-time price data with third parties. These regulations aim to curb the misuse of such data, especially by online platforms offering virtual trading services and fantasy games based on stock market movements.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/may-2024/norms-for-sharing-of-real-time-price-data-to-third-parties-83572.html>

## 10. Enhancement of Dynamic Price Bands for scrips in the Derivatives segment

The Securities and Exchange Board of India (SEBI) vide circular dated May 24<sup>th</sup> 2024 outlined the enhancements to the dynamic price bands for scrips in the derivatives segment. These changes aim to better manage market volatility, mitigate risks associated with sudden price movements, and minimize information asymmetry.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/may-2024/enhancement-of-dynamic-price-bands-for-scrips-in-the-derivatives-segment-83574.html>

**You may send your suggestions at [kartikey@asalegal.in](mailto:kartikey@asalegal.in)**

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